

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814
(916) 445-4458



May 30, 1986

ALL-COUNTY INFORMATION NOTICE NO. I-52-86

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FFY 1984 FOOD STAMP QUALITY CONTROL (QC) SANCTION

REFERENCE:

On May 16, 1986 we submitted to the Food and Nutrition Service (FNS) California's formal request for a good cause waiver of the \$4.264 million sanction, imposed because we exceeded the seven percent FFY 1984 tolerance for Food Stamp Program QC payment errors (overissuances and payments to ineligible). Our final adjusted error rate for that year was 7.67 percent.

I want to thank all of you who contributed to the development of the waiver request. We received written material from 26 counties; another 12 provided information by telephone. These responses indicated a considerable amount of good staff work and reflected a very positive tone of cooperation.

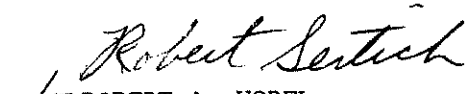
As initially planned, we included implementation of monthly reporting and retrospective budgeting (MRRB) as the major reason we did not meet the error rate tolerance. In addition, three secondary arguments emerged as a result of county input. These are the large volume of other regulatory changes during FFY 1984, which collectively constituted a major program change; the effect of the State's falling unemployment rate on eligibility worker turnover and agency caused errors; and stepped-up implementation of the Medi-Cal Eligibility Data System (MEDS) during the sanction period.

FNS - Western Region Office staff have informed us that their role is to review and evaluate (without recommendation) the good cause waiver requests submitted by states in the region before forwarding them to FNS - National Office for decision. There are no regulatory timeframes for FNS to reply to us. Other states' experience in prior years indicates that a delay of a year or more is not unusual. For FFY 1984, 36 states/jurisdictions face sanction, up from 11 for FFY 1983. If all request good cause waivers, FNS will realize a substantial increase in workload which may further extend their response time.

Since FNS began imposing fiscal sanctions as a means to achieve error reduction, no state has ever been granted a good cause waiver; three states have won on good cause grounds in an appeal, the second round of sanction protest. Consequently, we have begun to develop the basis for an appeal of the sanction, in order to be prepared in the event of a denial of our waiver request. We anticipate reiterating our good cause arguments, as well as raising issues excluded from the narrow scope of good cause. Toward this end, we will be continuing to work with the Sanction Defense Task Force of the County Welfare Directors Association and may be seeking additional information from counties.

Again, I wish to express our appreciation for your invaluable assistance in developing the good cause waiver request. I am satisfied that together we put forth a strong and convincing argument that California met the good cause criteria for FFY 1984.

If you have any questions, please contact Mr. Charles E. Marvin of the Corrective Action Bureau at (916) 445-4458.


for ROBERT A. HOREL
Deputy Director